

ULH&P ■ The Energy Service Company

The Union Light, Heat and Power Company
107 Brent Spence Square • Covington, Kentucky 41012-0032

A **CINERGY** Company

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June 17, 2004

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

JUN 18 2004

**PUBLIC SERVICE
COMMISSION**

RE: In the Matter of an Application of The Union)
Light, Heat and Power Company for Approval) Case No. 2004-00253
Of Its Proposed Economic Development Riders)

Dear Ms. O'Donnell:

Enclosed for filing is an application, including fifteen (15) copies thereof, wherein The Union Light, Heat and Power Company requests approval of its proposed Rider ED, Economic Development Rider, Rider UR, Urban Redevelopment Rider and Rider BR, Brownfield Redevelopment Rider.

Please stamp "FILED" on the additional copy of each enclosed for that purpose, and return for our file. Thank you.

Very truly yours,


Donald J. Rottinghaus

DJR:ga

Enclosure

COMMONWEALTH OF KENTUCKY

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BEFORE THE PUBLIC SERVICE COMMISSION

JUN 18 2004

In The Matter of an Application of the Union Light,)
Heat and Power Company for Approval of its Proposed)
Economic Development Riders)

Case No.

PUBLIC SERVICE
COMMISSION

2004-00253

Application

To The Honorable Kentucky Public Service Commission:

The Union Light, Heat and Power Company (ULH&P), Applicant herein, whose post office address is 107 Brent Spence Square, Covington, Kentucky 41011, is a Kentucky corporation and a public utility as defined in Section 278.010 of the Kentucky Revised Statutes, engaged in the business of furnishing gas and electric services to various municipalities and unincorporated areas in Boone, Campbell, Gallatin, Grant, Kenton and Pendleton Counties in the Commonwealth of Kentucky. ULH&P, in conjunction with said services and upon the facts to be set forth hereafter, requests approval of its proposed Economic Development Riders.

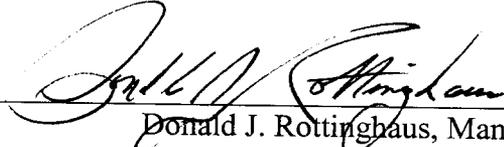
In support of this Application, pursuant to Administrative Regulations 807 KAR 5:001, ULH&P submits the following:

1. ULH&P's articles of incorporation are on file with the Commission as Exhibits in Case Nos. 1797, 2303, 2569, and 5301, which exhibits are incorporated herein by reference.
2. Attachment A is a copy of the proposed electric tariff sheets as follows: Sheet No. 85, Rider BR, Brownfield Redevelopment Rider; Sheet No. 86, Rider ED, Economic Development Rider, and; Sheet No. 87, Rider UR, Urban Redevelopment Rider.
3. Attachment B is a summary description of the proposed tariff schedules.

WHEREFORE, The Union Light, Heat and Power Company prays that the Commission issue its Order approving these new tariffs herein and directing ULH&P to file tariffs in conformance therewith.

Respectfully submitted,

THE UNION LIGHT, HEAT AND POWER COMPANY

By: 
Donald J. Rottinghaus, Manager
Rate Services


John Finnigan
P.O. Box 960
Cincinnati, Ohio 45201

Attorney for
The Union Light, Heat and Power Company

Attachment A
Proposed Tariff Schedules

RIDER BR

BROWNFIELD REDEVELOPMENT RIDER

APPLICABILITY

Applicable to customers locating in a qualified "brownfield" redevelopment area as defined by Kentucky or federal law and served by existing primary service lines.

CHARACTER OF SERVICE

The service provided shall be 60Hz alternating current provided at the Company's standard distribution or transmission voltage.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard tariff rate under which the customer takes service except as contravened by the following.

- For the first 12 month period, the demand charge shall be reduced by 50 percent;
- For the second 12 month period, the demand charge shall be reduced by 40 percent;
- For the third 12 month period, the demand charge shall be reduced by 30 percent;
- For the fourth 12 month period, the demand charge shall be reduced by 20 percent;
- For the fifth 12 month period, the demand charge shall be reduced by 10 percent.

All subsequent billings shall be at the appropriate full standard service tariff rate.

TERMS AND CONDITIONS

The customer shall enter into a Service Agreement with the Company which shall specify, among other things, the voltage at which the customer will be served.

The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's General Terms and Conditions currently in effect, as filed with the Kentucky Public Service Commission.

Issued by Authority of an Order of the Kentucky Public Service Commission, dated _____ in
Case No. _____

Issued:

Effective:

Issued by Gregory C. Ficke, President

RIDER ED

ECONOMIC DEVELOPMENT RIDER

AVAILABILITY

Available, at the Company's option, to non-residential customers receiving service under the provisions of one of the Company's non-residential tariff schedules. This Rider is available for load associated with initial permanent service to new establishments, expansion of existing establishments, or new customers in existing establishments who make application to the Company for service under this Rider and the Company approves such application. The new load applicable under this Rider must be a minimum of 1,000 kW at one delivery point. To qualify for service under this Rider, the customer must meet the qualifications as set forth below. Further, the customer must have applied for and received economic assistance from the State or local government or other public agency before the Company will approve a Service Agreement under this Rider. Where the customer is new to the Company's service area or is an existing customer expanding:

- 1) the customer must employ an additional workforce in the Company's service area of a minimum of twenty-five (25) full-time equivalent (FTE) employees per 1,000 kW of new load. Employment additions must occur following the Company's approval for service under this Rider, and;
- 2) the customer's new load must result in capital investment of one million dollars (\$1,000,000) per 1,000 kW of new load, provided that such investment is accompanied by a net increase in FTE employees employed by the customer in the Company's service area. This capital investment must occur following the Company's approval for service under this Rider.

The Company may also consider applying this Rider to an existing customer who, but for economic incentives being provided by the State and/or local government or public agency, would leave the Company's service area. In this event, the following provision applies:

- 1) The customer must agree, at a minimum, to retain the current number of FTE employees.

This Rider is not available to a new customer which results from a change in ownership of an existing establishment. However, if a change in ownership occurs after the customer enters into a Service Agreement for service under this Rider, the successor customer may be allowed to fulfill the balance of the Service Agreement under this Rider. This Rider is also not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. This Rider is not available for load shifted from one customer to another within the Company's service area.

CHARACTER OF SERVICE

The service provided shall be 60Hz alternating current provided at the Company's standard distribution or transmission voltage.

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in Case _____

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NET MONTHLY BILLING

The customer shall comply with all terms of the standard tariff rate under which the customer takes service except that the customer's total bill for electric service, less any Rate Adjustment Rider amounts as shown on the standard service tariff, shall be reduced by up to fifty (50) percent for a period of twelve (12) months. The customer will pay the full amount of the riders so indicated. The customer may request an effective date of the Rider which is no later than twelve (12) months after the Service Agreement is approved and signed by the Company. All subsequent billings shall be at the appropriate full standard service tariff rate.

TERMS AND CONDITIONS

The customer must enter into a Service Agreement with the Company which shall specify, among other things, the voltage at which the customer will be served, a description of the amount and nature of the new load and the basis on which the customer requests qualification for this Rider. The customer must affirm that the availability of this Rider was a factor in the customer's decision to locate the new load or retain current load in the Company's service area.

For customers entering into a Service Agreement under this Rider due to expansion, the Company may install, at customer's expense, metering equipment necessary to measure the new load to be billed under the provisions of this Rider separate from the customer's existing load which shall be billed under the applicable standard tariff schedule.

Following the effective date of the Service Agreement, the customer must maintain a minimum demand in accordance with the Service Agreement and maintain a monthly average of 300 hours use of demand. Failure to do so will result in the customer's Service Agreement being terminated.

The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's General Terms and Conditions currently in effect, as filed with the Kentucky Public Service Commission.

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RIDER UR

URBAN REDEVELOPMENT RIDER

APPLICABILITY

Applicable to new customers locating in an existing building of 25,000 square feet or more, which has been unoccupied and/or remained dormant for a period of two years or more, as determined by the Company. The new customer load must be a minimum of 500 kW at one delivery point. In addition, the requested service necessary to serve the new load must not result in additional investment in distribution or transmission facilities by the Company, excepting that minor alterations in the service supplied which can be accomplished feasibly and economically may be allowed.

This Rider is not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. This Rider is also not available for load shifted from one establishment to another in the Company's service area. However, if a change of ownership occurs after the customer enters into a Service Agreement under this Rider, the successor customer may be allowed to fulfill the balance of the Service Agreement under this Rider.

CHARACTER OF SERVICE

The service provided shall be 60Hz alternating current provided at the Company's standard distribution or transmission voltage.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard tariff rate under which the customer takes service excepting that the customer's monthly billing amount, less any Rate Adjustment Rider amounts as shown on the standard service tariff, shall be reduced by up to fifty (50) percent. The customer will pay the full amount of the riders so indicated. The customer may request an effective date of the Service Agreement which is no later than twelve (12) months after Company's approval of the Service Agreement with the customer. All subsequent billings shall be at the appropriate full standard service tariff rate.

TERMS AND CONDITIONS

The customer shall enter into a Service Agreement with the Company which shall specify, among other things, the voltage at which the customer will be served, the amount and nature of the new load and the basis under which the customer will qualify for this Rider. The customer must also affirm that this Rider was a factor in the customer's decision to locate the new load in the Company's service area.

Following the effective date of the Service Agreement, the customer must maintain a minimum demand in accordance with the Service Agreement and maintain a monthly average of 300 hours use for the twelve (12) month incentive period. Failure to do so will result in the customer's Service Agreement being terminated.

The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's General Terms and Conditions currently in effect, as filed with the Kentucky Public Service Commission.

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Summary Description of Tariff Proposals

In order to advance the economic growth of the Northern Kentucky area and to provide an economic incentive to stimulate development in what may now be under-utilized facilities and other resources, The Union Light, Heat and Power Company is proposing to implement three new tariff riders. If approved, these riders should prove beneficial to the Northern Kentucky area in particular and the Commonwealth of Kentucky in general.

Rider BR, Brownfield Redevelopment Rider, is designed to help incent the commercial development of those sites which have been designated by the Kentucky Environmental Cabinet and/or the Environmental Protection Agency as "brownfield" sites. These are locations which require environmental remediation due to the presence of harmful chemicals or other materials. Rider BR would provide a reduction in the demand rate of any customer locating in the former brownfield area. The reduction begins at 50 percent in year 1 and declines 10 percent per year reaching 10 percent in the fifth year.

Rider ED, Economic Development Rider, helps to provide an economic incentive to large customers wishing to locate in the Northern Kentucky area or for the expansion of existing customers. The applicability of this rider is based, in part, on the number of new full-time equivalents (FTE's) and dollars of capital spent. This rider would reduce the customer's total bill, exclusive of riders such as fuel or DSM, by 50 percent for a period of 12 months. While ULH&P realizes that a reduction of a customer's or potential customer's utility bill will generally not be the deciding factor in locating or expanding his business, when coupled with state, county or local assistance, this sort of incentive can be quite effective.

Rider UR, Urban Redevelopment Rider, targets buildings which, though viable for commercial use, have remained unoccupied for six months or more. These sorts of situations exist in many areas but especially in our larger cities. By providing the economic incentive of 50 percent reduction in a customer's bill for a 12 month period, ULH&P hopes to "tip the scale" for the customer or developer in rehabbing or returning these buildings to commercial use.

ULH&P has developed these three economic development riders to target specific conditions and situations that exist in our current economic climate. We hope that these might make a difference in bringing new and renewed investment and jobs to the Commonwealth.